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Running Head: Development of a Marketing Plan at NMCP

Development of a Marketing Plan

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## Marketing Plan

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## Marketing Plan

### Abstract

Naval Medical Center Portsmouth (NMCP) is operating in a rapidly changing healthcare environment where marketing is quickly establishing itself as a vital decision-making tool. The Commander of NMCP must have the ability to compete in this rapidly changing and sought after healthcare market. The purpose of this study was to develop a marketing plan for NMCP which could build positive exchange relationships with the active duty and beneficiary populations. This study was conducted by using various research methods like document review, participant observation, historical analysis, formal and informal interviewing. The conclusions of the study show that NMCP should be able to anticipate and surpass the needs of the catchment area population by adopting the market based approach and through the implementation and commitment to a formalized marketing effort.

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### Introduction

The Naval Medical Center at Portsmouth (NMCP), Virginia is a 363 bed tertiary care facility providing a broad scope of inpatient and outpatient services to a population base of approximately 400,000 beneficiaries in the Tidewater Virginia area. In addition, there are seven branch medical clinics that report to the Commander of NMCP. These Branch Medical Clinics are located at Sewells Point, Dam Neck, Oceana, Little Creek, Norfolk Naval Shipyard, Northwest Telecommunications Activity and Yorktown Weapons Station. NMCP employs approximately 4,800 military and civilian personnel.

Through its extensive Graduate Medical Education (GME) programs, NMCP conducts medical internships and residency programs in medical, dental, psychology, and pastoral care programs. NMCP is one of three major teaching hospitals in the Navy with residency programs in 13 specialty areas.

In the summer of 1999 a new Acute Care Facility (ACF) will open and replace the existing Medical Center. This facility is the Charette Health Care Center named after Hospitalman Charette recipient of the Congressional Medal of Honor in the Korean War. The Charette Health Care Center will have a 320 bed capability and provide state of the art care in all areas of medicine. The transition to the new facility should be completed by the Winter of 1999.

Located in southeastern Virginia, the Hampton Roads area is home to Naval Station Norfolk, the world's largest naval base, Langley Air Force Base, Fort Eustis and numerous smaller military activities. The Hampton Roads area includes the cities of Norfolk, Virginia Beach, Chesapeake, Suffolk, Portsmouth, Hampton and Newport News. The total population in the Hampton Roads area is 1.5 million and the area is growing rapidly with 2% growth rate over the last 5 years (Guide to Hampton Roads, 1996).

As the Navy downsizes more commands are centralizing in the Tidewater area and taking advantage of the existing support infrastructure. This centralization process is formalized into a called Regionalization. Some examples include the 180 F/A-18 strike fighter aircraft relocating to the area over the next 5 years and the two Cruiser-Destroyer Squadrons from Naval Base Charleston that completed relocation in 1997 (Dorsey, 1997). Also, regionalization calls for a restructuring of the Medical Department assets in the Hampton Roads area.

The changing world of healthcare has seen increasing competition for the market share of the military population base. This coupled with ever shrinking financial resources has created an overwhelming need to assess and strategically target different segments of the catchment area. This need can be addressed by establishing a marketing plan which will determine the organization's position in the healthcare market. Healthcare marketing offers a myriad of research opportunities. This

Graduate Management Project (GMP) provides a thorough examination of healthcare marketing and its applicability to NMCP. The GMP will look at the following areas: it will explore and develop the major question associated with the subject; then it will look at the methods and procedures for studying the question; the results of the study; and the conclusions and recommendations.

#### Conditions Prompting the Study

The value of healthcare marketing has still not yet been implemented by most of military medicine. Marketing is often defined quite narrowly in military healthcare in terms of tools of promotion or the activity of selling. Although, these tools and activities are integral to the practice of marketing, they represent only a portion of marketing's array of tools (Roark, 1997). Many Medical Treatment Facilities (MTFs) coordinate their marketing efforts through a Public Affairs Office which usually has little or no experience with the marketing of healthcare services. The end result of these efforts is usually the traditional non-market based approach to planning. A recent article on the skills, knowledge and abilities required of healthcare administrators in the future stated that "marketing will be a key to successful change" (Hudak, Brooke, & Finstuen, 1994).

Healthcare marketing in Navy Medicine has been primarily refined as an MTF specific program. The larger MTFs like the National Naval Medical Center at Bethesda, MD, Naval Medical

Center San Diego, CA, and Naval Hospital Great Lakes, IL, all have healthcare marketing departments, with the most notable exception being NMCP. NMCP has not yet established a marketing department to develop both internal and external organizational strategies.

NMCP as well as the entire Navy Medical Department, is currently faced with accomplishing its mission with fewer resources (personnel and monetary) than it has had in the past. One consequence of this changing mission is that a portion of the services that were traditionally provided to active duty and beneficiaries are changing. TRICARE is now the healthcare program for active duty members, qualified family members, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), eligible retirees and their family members and survivors of all uniformed services. TRICARE offers beneficiaries three choices for their health care: TRICARE Standard, a fee for service option that is the same as CHAMPUS; TRICARE Extra, a preferred provider option, and TRICARE Prime, a health maintenance organization option, where MTFs are the principal source of healthcare (TRICARE, 1997). The confusion which may occur over the varying TRICARE options has provided a vital need for the marketing of healthcare information.

Another factor is the changes mandated by Congress that shifted the military from a conscription/draft oriented system to an All-Volunteer Force (AVF). This shift occurred so that the

military could compete with civilian employers with regards to pay and benefits. These changes have increased the military's attention to the families' medical benefits as a result of rapidly increasing healthcare costs. However, military medicine is facing a growing crisis because of increased readiness requirements and pressure regarding access, quality, and cost. If military and family members become dissatisfied, then many of the best Service members might decide to leave the military for new, more satisfying occupations. This could degrade the military's ability to fight and win conflicts. Additionally, negative feelings experienced by military members who become disenchanted with their healthcare system could increase attrition rates (Roark, 1997). Healthcare marketing can provide invaluable information on benefits, services and programs desired by active duty Service members, retirees and beneficiaries. Finding the appropriate mix of healthcare services for a specific MTF's catchment area could act as a prime satisfier.

The Navy Medical Department has not emphasized a market based approach in the past. The traditional non-market based approach has a four tiered planning process: (1) Mission/Goals; (2) Strategy; (3) Implementation and, (4) Market. The last step in the traditional non-market based approach is marketing. In a market based approach marketing is done throughout the planning process not at the last step (Berkowitz, 1997). If Navy MTFs like NMCP would use the market based approach, the result should

be an accurate assessment of the healthcare needs for a specific geographical location.

Healthcare marketing offers NMCP the same tools that are currently being used by their civilian healthcare counterparts. Employing the same tactics used by nongovernmental healthcare institutions will protect the interests of military medicine and NMCP (Roark, 1997). These tools will enable NMCP to protect and target desired markets while accurately tracking satisfaction and dissatisfaction with healthcare services.

Next, the movement of NMCP into the world of managed care has created changes to our existing system. "As we move into a managed care environment we are going to examine everything we do to make sure it matches the needs and desires of our active duty and beneficiaries. This includes a thorough examination of each of our clinical departments' ability to provide the required care." (Rowley, 1997). Marketing will help NMCP establish a new course for the future. Marketing is key to a managed care organization's (MCO's) expansion and member/customer retention. It seeks to determine existing and changing market demand, to help the MCO meet that demand, and to persuade current and prospective members and customers that the organization best meets their needs (Kongstvedt, 1996).

Finally, the Office of the Assistant Secretary of Defense for Health Affairs OASD(HA) is in the process of initiating the Enrollment Based Capitation (EBC) program. EBC is a program that

will capitate on a per member per month (PMPM) basis and each MTF will earn a premium for every TRICARE Prime enrollee. The maximum sustainable TRICARE Prime enrollment is critical to the success of the EBC program. The MTF must optimize the number of Prime enrollees by attaining its projected enrollment. However, the danger of over enrolling is that the MTF will not be able to meet the accessibility standards that have been prescribed, purchased care will negatively impact the MTF and quality of care will suffer (DoD(HA), 1997). Thus, the MTF commander could use marketing to better understand the population mix of the MTF's enrollees to match the services required by the catchment area population. Also, marketing could be used if the MTF has space-available (after optimizing Prime enrollment) which it could sell to the Managed Care Support Contractor (MCSC) for revenues.

#### Problem Statement

The Military Health System (MHS) has drastically changed during the last five years. This change is due in part to constrained budgets, downsizing of personnel and facilities i.e. Base Realignment and Closure Committee (BRAC) and the changing mission of the Armed Services. These factors coupled with an increased willingness to outsource with commercial healthcare organizations (HCOs) has forced Navy Medicine and NMCP to operate in a competitive healthcare market.

The Commander of NMCP must have the same ability to compete in this rapidly changing and sought after healthcare market. A

strategic plan was developed by NMCP's Board of Directors (BOD) to guide the organization into the future. NMCP's vision is "First and Finest" - a tertiary care facility and branch medical clinics working together to meet the evolving healthcare needs of our TRICARE community. The mission is quality healthcare through teamwork. The strategic goals focus on support to operational platforms, provision of quality healthcare, implementation of TRICARE, health promotion/wellness, Graduate Medical Education and improvement of patient and staff quality of life (NMCP BOD, 1996).

However, the problem is that NMCP does not have a marketing plan in place to deal with today's healthcare environment. Marketing's presence and influence must be clearly established as critical to the success of the MTF. At the very least, marketing must be an integral component of and resource for the change initiative (O'Connell, 1996). Operating without a marketing plan impedes the progress of the entire healthcare organization.

Marketing plans are an integrative process of listening to customers and developing strategies and objectives that meet their needs, conform to the policies of the organization and are realistic within the context of financial and operating parameters (Hillestad & Berkowitz, 1991). The final marketing plan for this GMP will include the following categories for discussion: an executive summary, mission, situational analysis,

goals and objectives, marketing strategy, action programs budgets and controls.

### Literature Review

The appropriate place to start a discussion on healthcare marketing is through a definition of terms. This will be followed by an examination of marketing's place in strategic planning, the formats involved in the development of a marketing plan, and a brief look at health care marketing strategy.

Finally, the literature review will conclude with a critique of healthcare marketing's applicability to military medicine.

Marketing: The Basics. There are many definitions of healthcare marketing. World renowned healthcare marketing experts Philip Kotler and Roberta Clarke define it as the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organization's offering in terms of the target markets' needs and desires, and on use of effective pricing, communication, and distribution to inform, motivate, and service the markets. This involves the effective management by an organization of its exchange relationships with its various markets and publics (Kotler & Clarke, 1987).

In his book the *The Well Managed Health Care Organization* John Griffith dedicates a chapter to healthcare marketing.

Griffith accepts and uses the Kotler and Clarke definition of marketing but adds that marketing is the deliberate effort to establish fruitful relationships with exchange partners. It applies not just to customers, but to all exchanges, including employees and other community agencies (Griffith, 1995).

This literature review revealed numerous definitions of healthcare marketing. The following is a short listing of some of the more common definitions. One author listed marketing as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives (Roark, 1997). Another author defines marketing as a set of human activities directed at satisfying needs and wants through an exchange process (Knittig, 1994). Eric Berkowitz and Steven Hillestad define the marketing concept as (1) the process of listening to consumers in the marketplace; (2) the philosophy of organizing to satisfy needs of a group or groups of consumers; and (3) the satisfaction of these needs in a profitable manner" (Hillestad et. al., 1991). The Marketing Department at TRICARE Mid-Atlantic Region 2 (TMAR2) defines marketing as fields of endeavor with implications for planning and strategizing which incorporate aspects of public information, marketing, education media relations, salesmanship, feedback evaluation and creation of public support for a specified program or service (TMAR2, 1997).

There were many differing variations of marketing found throughout the literature review. However, the central underlying theme seems to revolve around the health care organization's continual vigilance of both internal and external stakeholders. Also, marketing must embrace a proactive approach to strategy formulation while taking into account the organization's mission, measurable objectives and target markets. Much of the literature review focused on the marketing of HCOs in the civilian community. However, marketing also plays a viable role in an MTF like NMCP.

Moreover, because of the competition and complexity in the market, health care organizations must implement strategic marketing to survive (Duncan, Ginter, & Swayne, 1996). The turbulent times of military medicine are not coming to a close they are just beginning. The active duty, beneficiary and retiree support bases which military medicine brazenly took for granted for so many years are quickly eroding. In some cases they are calling for alternatives like the Federal Employee Health Benefits Plan (FEHBP). In other cases, they are asking Congress to examine the very need for military medicine. "To remain viable and support the catchment area population Military Medicine and the local MTFs must have the tools to compete" (Thompson, 1997). Successful healthcare marketing will assist the military in providing better healthcare services, which in

turn equates to a more satisfied military community (Roark, 1997).

At an MTF like NMCP a healthcare marketer could employ a group of tools called the marketing mix. Military healthcare leaders can analyze marketing mix variables and blend them to produce the desired response from the target market (Roark, 1997). The marketing mix is also called the four P's: pricing, place, promotion and product. Unfortunately, too often the public equates marketing with only one of it's tools such as advertising (Kotler et. al., 1991). However, a thorough understanding of the marketing mix offers the marketer the opportunity to firmly grasp the consumer's behavior in the target market. The following paragraphs will define each element of the marketing mix.

Price is defined as the cost of the service to the public. Factors that determine the price of a health care product or service include cost, competition, demand and the willingness of third party payers to reimburse the provider (Kotler et. al., 1991). Price relates to the MTF Commander since dollar costs have not traditionally been associated with the provision of healthcare. With the advent of copayments and deductibles for those receiving services under TRICARE, military medicine embarked on the use of cost to the consumer as part of its offerings to its beneficiaries (TMAR2, 1997).

Place is the framework of the delivery design established. There are direct channels, i.e. when the service provider deals directly with the patient and indirect channels, i.e. when the service provider needs the help of an intermediary. Some of the variables involved with place are geographic location of services, wait times for appointments and the time required to deliver healthcare services (Roark, 1997).

Promotion is the communication of services available to the community and providers. Promotion consists of advertising, public relations, sales promotion and personal selling (Hillestad et. al., 1991). The healthcare marketer at NMCP could use all aspects of promotion. Advertising could be done in the base newspaper, newsletter, message traffic to operational units or via the internet. Public relations is an image focused program to assess the public's attitude and interest in the organization. Sales promotion is aimed at the end consumers through events like health fairs or blood drives. Finally, personal selling are the face to face interactions with the consumers at appointment windows, during exams etc. Personal selling could be buffeted by conducting an in-depth customer service training program.

The products of the healthcare industry are services. The service dimension of the healthcare offering is defined as the collection of benefits derived from these services (Roark, 1997). There are many differing products offered at MTFs depending on graduate medical education (GME), geographic area and size of

facility. However, there are also a lot of product commonalities at MTFs. One example is the appearance of the MTF; does it match what would be expected of a healthcare facility in the civilian community or at a different MTF. Another example is the respect and caring accorded to the patient receiving treatment. These are all products of the MTF and each needs to have its own respective place in the product element.

Understanding the marketing mix is imperative for the success of the MTF. This includes knowing how to assess each element and teaching it to executives in decision making positions within the organization. An equally important part of marketing is defining the market and publics that the MTF serves in the community.

The MTF's leadership must understand the distinction between publics and markets as they each hold a different place in healthcare marketing. A public is a distinct group of people and/or organizations that has an actual or a potential interest in and/or impact on an organization (Kotler et al. 1991). Some examples of NMCP's publics are the Board of Directors, the staff, the line community and the beneficiaries in the catchment area. Failing to integrate information from a healthcare institution's key publics in the planning process limits it's ability to determine sustainable competitive advantages and develop viable strategic and tactical decisions (Peltier, Kleimenhagen, & Naidu, 1996).

A market is a distinct group of people and/or organizations that have resources they want to exchange, or might conceivably be willing to exchange, for direct benefits. If the organization wishes to attract certain resources from that public through offering a set of benefits in exchange, then the organization is taking the marketing point of view towards that public. Once the organization starts thinking in terms of exchanging values with that public, it is viewing the public as a market (Kotler et. al., 1987). The target market comprises all who interact with or affect the MHS. Each represents an audience with whom we must communicate (DoD(HA), 1996). One way to view NMCP's market is as an exchange of quality patient care for support in the local community from line commanders and beneficiary groups.

Strategic Planning and Marketing. Healthcare marketing should be a part of an organization's strategic plan. "Strategic planning is the managerial process of developing and maintaining a strategic fit between the organization's goals and resources and its changing market opportunities" (Kotler et. al.). In today's rapidly changing environment the MTF operating without a strategic plan will be light years behind. Change has become so rapid, so complex, so turbulent and so unpredictable that it is sometimes called simply chaos or white water change (Gelatt, 1993). Military healthcare leaders will have to cope with this type of change and position their MTFs to take advantage of existing opportunities and avoid possible external threats.

While many organizations have experimented with isolated marketing initiatives, few have defined, coordinated, and planned marketing programs that support overall positioning of the organization (Clarke & Shyavitz, 1989).

"In today's healthcare environment, healthcare marketing can be a major management resource for MTFs if it is understood and applied effectively through the planning process" (Ehresmann, 1997). Planning strategically helps an organization become responsive to state and federal policy planning efforts, while also looking out for other external forces. The major difference between strategic planning and other forms of health planning are that strategic planning is first and foremost a market-driven and market-based approach (Duncan et al, 1996). When an MTF's governing board is strategically planning for the future, they should include marketing as a process that is vital to the organization. The next section of the literature review will examine the market planning process.

The Marketing Plan Process. This literature review has looked at many books and references that developed different styles of marketing plan formats. Yet, with all of the variation, there were still some central underlying themes found in the bulk of the literature. The marketing plan is the essential tool that establishes an organization's philosophy, goals, and desired techniques for communicating with, and educating, its public. It is designed to formally establish the

ways in which the facility will meet the various marketing objectives established in the strategic plan (Rubenstein, 1990). The marketing plan is an integral link between the MTF's strategic plan, business plan and marketing strategy. The marketing plan feeds the operations plan, which in turn works into the personnel plan, which then feeds the finance plan. All these items combine to make a business plan (Hillestad et. al., 1991). In the following paragraphs the marketing plan format will be examined.

The choice of a suitable marketing plan format is an essential ingredient to the success of the MTF. Key to a facility's selection of the appropriate marketing plan format are the needs of the organization. The format should be structured to the extent that it follows the lead of those plans upon which it is developed (Rubenstein, 1990). However, the choice of format should be flexible enough to allow for the inclusion of all specific and necessary areas of interest. The Berkowitz and Hillestad marketing plan format seemed to be correlated more closely with civilian HCOs and didn't appear to offer the same descriptive approach of the Kotler and Clarke format. So, the marketing plan format chosen that best fits NMCP was provided from the Kotler and Clarke model and is shown in Table 1 on the next page.

An executive summary should be included to provide a concise overview of the marketing plan. It should present the primary

goals and recommendations stated in the marketing plan. The purpose of the executive summary is to permit higher management to preview the major thrust of each plan and to have the information that is critical in evaluating the plan (Kotler et. al., 1991).

Table 1.

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The Format of the Marketing Plan

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1. Executive Summary
2. Situation Analysis
3. Objectives and Goals
4. Marketing Strategy
5. Action Programs
6. Budgets
7. Controls

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Source: Kotler and Clarke (1991).

The first major step in the marketing plan is the situational analysis. The situational analysis is used to provide a detailed analysis of the (1) background; (2) normal forecast; (3) opportunities and threats; and (4) strengths and weaknesses faced by the organization. However, the literature review revealed that many organizations opted to conduct only a strengths, weaknesses, opportunities and threats (SWOT) analysis to fulfill their situational analysis requirements (Ginter et. al. 1996). A more thorough analysis

will also include a background and population forecast for the organization.

The next step is establishing the MTFs goals and objectives. The goals for the marketing plan can be fairly general and usually refer to the organization as a whole, e.g. to educate the beneficiary about the services offered by the MTF. Whereas, the objectives should be more specific sometimes including a numerical target or percentage, e.g. market share. After the goals and objectives have been developed then the organization must chose a marketing strategy. An overview of marketing strategy will be presented in the following section of the literature review.

The action program is developed after the marketing strategy has been chosen. It defines the different elements of the marketing strategy. Many of the sources used in the literature review revealed much overlap between action programs and the previously defined marketing objectives (Rubenstein, 1990). Another source provided a similar action program but called it the strategy action match.

The last two sections of the marketing plan are budgets and controls. The budget is supposed to provide a guideline for the financial support required of the marketing plan. The few MTFs (Naval Medical Center San Diego, National Naval Medical Center Bethesda and Naval Hospital Great Lakes) that have business planning/marketing departments have provided financing for these

activities from the operational targets (OPTARs) of already existing departments. In most of these organizations the business planning/marketing departments fall within the Managed Care Directorate or some equivalent thereof. Obviously this can place a strain on the MTFs budget position. However, shrewd strategic planning will include some sort of marketing plan regardless of budget constraints as long as controls are put in place to monitor the marketing plan's progress. Controls will help ensure the goals and objectives of the plan are being met. The controls over the marketing plan will be provided by the marketing officer/business planning coordinator and others in the chain of command. The last section of the literature review will discuss marketing strategy.

Marketing Strategy. Strategic planning allows the MTF Commander to examine the particular markets which offer the best opportunities for the MTF. NMCP's strategic plan allows it to look at a macro view of the catchment area. Whereas, the marketing strategy is targeted at a specific segment of the catchment area.

The next step is ensuring that the marketing plan process aligns itself with the appropriate marketing strategy. The MTF will develop a strategy for each of its markets. Marketing strategy is the selection of a target market(s), the choice of a competitive position, and the development of an effective marketing mix to reach and serve the chosen customers (Kotler et.

al., 1991). A marketing strategy provides the MTF with the flexibility needed to position itself in a changing environment. It will furnish the MTF Commander with a thorough understanding of the markets in their catchment area. The last section of the literature review is a recap of the healthcare marketing's function in a military healthcare setting.

Summary. The overwhelming majority of the references in the literature review supported marketing for HCOs/MTFs. The few contrasting references were written in the 1970s or before and cited "crass commercialism" of the healthcare industry as unprofessional and inappropriate. However, in the 1990s healthcare marketing is considered to be a strategic mainstay for all successful HCOs/MTFs. "Healthcare marketing takes into account the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives"(Berkowitz, 1997). Healthcare marketing is here to stay in the civilian sector, but what about in military medicine.

The literature on healthcare marketing in the military was very limited, but there have been more articles in the past few years. The common themes of these articles revolve around leadership's acceptance of healthcare marketing as a viable strategic tool. Furthermore, when accepted how will the new marketing department/division be supported from a financial and

personnel standpoint and where does it fit within the MTF's organization. Finally, how can the MTF afford not to market considering today's healthcare environment.

The overall consensus of the literature was that applying marketing principles offers the military substantial tools with which to deal with the changing healthcare environment in a smooth fashion. Thereby keeping the best available Soldiers, Airmen, Sailors and Marines on active duty, and keeping the beneficiaries and retirees happy or satisfied (Roark, 1997).

Finally, the bottom line is not whether HCOS/MTFs should participate in marketing but whether they can afford not to. Success takes continuing support from executive management, separation of new and continuing activities, and willingness to take risks and learn from accomplishments and failures (Deighton, 1996). NMCP is entering the dawn of a new era in Military Medicine where healthcare marketing appears to be ready to take its rightful place at the table of executive decision making.

#### Purpose

The purpose of this GMP is to develop an abbreviated marketing plan for Naval Medical Center Portsmouth which will build positive exchange relationships with the active duty and beneficiary populations. Objectives include providing an executive summary, conducting a situational analysis, developing marketing goals and objectives, establishing a marketing strategy(s), setting up action programs, garnering budget support

and monitoring a control feedback system. An NMCP marketing plan will allow the facility to identify both areas of excellence and areas of need to better serve the catchment area population.

#### Methods and Procedures

The research method selected for this project is the seven step process adopted from the Kotler and Clarke (1991) marketing plan format. For research purposes the marketing plan format most closely follows the qualitative research found in the case study. This GMP will use qualitative research, since the purpose is to describe events and methods, rather than determine causality. Qualitative research methods allow the researcher to: draw meaning from the participants experiences and perceptions; consider the underlying values as part of the phenomena; and gain a better understanding through interaction and inquiry (Morse, 1992).

A case study is the preferred strategy when "how" or "why" questions are posed, when the researcher has little control over events and when the focus is on a contemporary phenomenon within some real-life context. The case study offers the same distinct advantages as a research strategy. These include the establishment of information that may point to hypothesis formulation, explanation and definition of concepts and variables for further study, and methods for measuring the variables (Yin, 1994).

Case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. Although hypotheses are often used, the reliance on qualitative data makes support or rejection more difficult. An emphasis on detail provides valuable insight for problem-solving, evaluation and strategy. This detail is secured from multiple sources of information. It allows evidence to be verified and avoids missing data (Cooper & Emory, 1996). The primary disadvantages of qualitative research are that they lack predictability and that the researcher cannot foresee what the results will look like (Van Maanen, Dobbs & Faulkner, 1982).

This GMP will utilize the exploratory case study, since marketing plan development and implementation are still in the inaugural stages. Once the marketing plan has been fully developed a sample implementation schedule will be presented in the discussion section. This case study will be conducted by collecting evidence through a variety of techniques which fall under the canopy of qualitative research; including document review, participant observation, formal and informal interviewing and historical analysis (Yin, 1994).

Yin notes five components of research design are important for case studies; (1) a study's questions - How is a marketing plan being developed and implemented at NMCP; (2) its propositions - the implementation of a marketing plan will guide NMCP's operation in the marketplace; (3) its unit of analysis -

the percentage of market share as it relates to the optimization of active duty (AD) and beneficiaries enrolled at NMCP when compared with the EBC standards; (4) the logic linking data to propositions - the absence of a marketing plan to collect, analyze and coordinate data which would provide NMCP with vital information regarding the services provided to the catchment area; and (5) the criteria for interpreting the findings - analysis of the current market environment with data provided from the EBC Planner, Defense Enrollment Eligibility Registration System (DEERS) and the Corporate Executive Information System (CEIS).

Before conceptualizing the structure of the analysis, validity and reliability must be addressed, to establish the quality of the research. Four tests are common to all social science methods: construct validity, internal validity, external validity and reliability. Construct validity establishes the correctness of the operational measures for the concepts being studied (Yin, 1994). The operational measure in this study is the percentage of market share held by NMCP as it relates to optimum EBC enrollment rates. Internal validity attempts to establish causal relationships, but is not intended for use in exploratory studies (Yin, 1994). External validity is concerned with how the findings can be applied or generalized, beyond the immediate case study. This study will involve the entire NMCP catchment area and may be compared with the regional managed care

support contractor Anthem-Alliance's marketing plan.

Establishing validity also requires the review of similar documents from the same time period as well as surveillance over time to determine if the phenomena changes. Primary documents will be used whenever possible, since they are more valid than secondary documents because they are witnessed by the author (Blank, 1992).

Reliability refers to the degree to which the stability of certain occurrences or characteristics can be counted on. A measure is reliable to the degree that it supplies consistent results (Cooper et. al., 1996). To ensure reliability the results of a study should be replicated by another investigator. The reliability of documents, as with validity, can be checked by comparing similar documents from different time periods or by comparing results of different researchers from the same time period (Blank, 1992). Reliability for this case study will be determined by validating all references and documentation. Also, the researcher will check for similar case studies that may further the results of the investigation.

The ethical measures involved in the study were refined to ensuring that all participants questioned or interviewed were done so on a voluntary basis. All participants were informed of the nature of the study, ethical practices were exercised and all requests for anonymity were honored.

### Results

The results and findings of this study are somewhat limited due to the ongoing and continuous development of the NMCP marketing plan. However, there were some important qualitative factors that examined the following: (1) establishing a corporate culture that supports the marketing mindset; (2) providing an educational program to both active duty and beneficiaries that is both easy to read and clearly explains healthcare options; (3) ensuring that implementation of the NMCP marketing plan complies with the BOD's agenda; and (4) garnering an enduring financial commitment to resource the marketing effort.

Marketing should be supported by the HCO's top echelon of leadership. NMCP's marketing plan has not been presented to the BOD because it has not yet been completed. After it's completion the success of the marketing plan will be dependent upon the Admiral lending support to the effort. If this happens the BOD should close ranks and view marketing as a practical and vital organizational tool. Only after leadership's ardent support is received will the corporate culture begin to change and accept marketing as a viable corporate instrument (Duncan et. al., 1996).

A major component to the success of the marketing effort will hinge upon educating and communicating both the NMCP staff and then the beneficiary and active duty populations. The staff

members must understand TRICARE and know NMCP's ability to deliver care. The education process is now being formulated via a partnering agreement between Anthem-Alliance, TMAR2 and NMCP's Managed Care Department. The initial education efforts of TMAR2 and NMCP were fairly successful however their scope may have been too narrow. Moreover, the current state of education appears to be fairly chaotic and will hopefully stabilize after the MCSC and the NMCP marketing plan have come on-line.

The changing schedule of the BOD may dictate when implementation of the marketing plan can occur. Furthermore, there are variables like increased operational tempo, political agendas and/or changing DOD(HA) initiatives which could also impact marketing plan implementation.

Resourcing the marketing plan may be one of the biggest challenges to overcome. However, it could also represent a great opportunity for NMCP to partner with Anthem-Alliance. Resourcing will include both the finances and personnel required to implement and continue the marketing effort. Problems with resourcing have already been encountered, and may continue since NMCP's budget will at best stay the same as last year and at worse decline considerably. Unfortunately, this current budget situation creates potential problems for initiating new programs like marketing, when NMCP is already struggling to support their existing programs.

The findings of this study may assist other MTFs in identifying similar problems which were encountered during the development of the NMCP marketing plan. Most of these problems could be minimized by allowing the organization enough time to accept marketing as an investment in the future and by providing an acceptable resourcing posture. The success of the NMCP marketing plan hinges on the acceptance of marketing as a viable tool by the Commander and the BOD. Moreover, without their support the marketing effort is doomed to failure. However, the initial indications from a few of the BOD members indicated support of the proposal but in varying degrees.

#### Discussion

The discussion section will contain a review of the basic tenets detailed in a marketing plan. This section will also include limited interpretations of some elements of the marketing plan which may provide guidance to the Admiral and the BOD. However, due to the all encompassing aspects involved with the development of a marketing plan, the scope of this study has been narrowed. Moreover, each element of the marketing plan will still be presented but in a summarized format. Also, the GMP will include a modified marketing plan format. The NMCP marketing plan will continue to use the basic Kotler and Clarke format, but will insert the mission as the second element of the marketing plan.

The initial step of this study was to locate, analyze and review documents which focused on healthcare marketing at an MTF. This was accomplished by reviewing the NMCP strategic plan and by conducting a comprehensive literature review. Additionally, the Marketing Director's at Harvard-Pilgrim Healthcare and TMAR2 were both interviewed. Also, some members of the BOD were interviewed to determine if a marketing plan would be generally accepted and supported by senior leadership. The following is a summarized format of the NMCP marketing plan developed for use in this GMP.

I. Executive Summary. The development of a marketing plan will help to delineate a strategy which will position NMCP in the MHS of the future. This strategy will most likely revolve around enrolling beneficiaries in TRICARE Prime while also balancing enrollment standards and Graduate Medical Education (GME).

Therefore, NMCP, TMAR2 and Anthem-Alliance should coordinate marketing efforts and fully cooperate with each other to ensure the catchment area is appropriately targeted. Especially important is taking advantage of the partnering relationship and each organization's position in the market. NMCP would look at the catchment area in Tidewater only, TMAR2 would look at regional marketing efforts and Anthem-Alliance would look at both regional and catchment area specific MTFs while also relying on their previous experiences nationwide and in the commercial sector.

NMCP's success in the future will most likely be determined by the optimization of the facilities enrollment capacity. EBC is the tool which will help develop NMCP's capitation funding level. To achieve the optimum enrollment level NMCP should focus on the following three areas: Commitment, Cooperation and Concentration. Commitment entails ensuring that the Admiral and the BOD support a marketing based approach and are committed to resourcing NMCP's marketing effort. Cooperation as mentioned earlier revolves around the partnering relationship between NMCP, TMAR2 and Anthem-Alliance. Concentration focuses on adhering to a marketing strategy and allowing it to take root and succeed.

If NMCP is disinclined to fully commit, cooperate and/or concentrate the marketing effort could be jeopardized. The realization that the next few years will be critical to the life of NMCP and the MHS must pervade every level of the organization and create a useful sense of urgency. Hopefully, EBC will help encourage NMCP's marketing effort to more closely examine TRICARE Prime enrollment.

Product life cycle (PLC) analysis can be useful in selecting strategic alternatives based on the principle that all products and services go through several distinct phases or stages. These stages include introduction, growth, maturity and decline. A quick review using PLC shows that TRICARE Prime at NMCP may be in a maturity stage because many of the beneficiaries who wanted to enroll already have, and because NMCP enrollment appears to have

leveled off. The maturity stage of PLC calls for changing current marketing strategy and techniques.

NMCP's marketing strategy should initially focus on a two pronged plan which would both seek out those beneficiaries who have not yet chosen to enroll in TRICARE Prime and maintain the loyal beneficiary base which already exists. With the advent of the Medicare Subvention Bill a third prong will be added to target Medicare eligible beneficiaries. The tools for conveying this strategy should include: advertising, brand identification, direct mailing and customer service. Also, NMCP has a unique opportunity to take advantage of the opening of the Charette Health Care Center. If marketed appropriately the Charette Health Care Center will reflect Navy Medicine's firm commitment to quality healthcare in the Twenty First century and beyond.

II. Mission. The mission of an organization is a broadly defined but enduring statement of purpose that distinguishes an HCO from other organizations of its type and identifies the scope of its operations in product, service, and market (competitive) terms (Duncan et. al., 1995). In short, the mission is broadly defined as a statement of purpose which is enduring and distinctive but also identifies the scope of operations in terms of service and market. Moreover, an organization's mission provides the parameters in which marketing plans can be developed.

The current mission of NMCP is "Quality Healthcare through Teamwork." This mission more than sufficed during the late 1980s and early 1990s when competitive forces and budgetary constraints were of little or no consequence. However, times have changed and NMCP should have a mission statement that reflects the current competitive environment. A modified mission statement would continue to have "quality healthcare through teamwork" as a basic plank but also contain other components. The following may be an example to consider:

Naval Medical Center Portsmouth exists to support, promote, protect and ensure the medical readiness of fighting forces and their beneficiaries in the Tidewater area and throughout the world. NMCP will provide quality healthcare through teamwork while upholding the TRICARE access standards. NMCP's mission includes:

1. Conducting Graduate Medical Education programs which provide excellent training, research and evaluation.
2. Promoting and supporting health through education and consultation.
3. Actively seeking out new uses of technology so that telemedicine and other initiatives succeed in providing better healthcare to deployed forces.

III. Situation Analysis. This section of the marketing plan describes the major features of the situation facing NMCP. The situational analysis is composed of the following: 1. background,

2. forecast, 3. opportunities and threats, and 4. strengths and weaknesses. The situational analysis is typically the longest and most detailed section of the marketing plan. However, for the sake of brevity and in an effort to narrow the focus of the GMP this section will be abbreviated.

1. Background. NMCP is faced with a rapidly changing healthcare environment which is transitioning to TRICARE, the MHS' managed care system. The goals of NMCP and TRICARE are to significantly improve beneficiary access to care; ensure a high quality, customer-focused, consistent healthcare for all MHS beneficiaries at a reasonable cost; preserve choice for all non-active duty participants; and contain overall costs while maintaining medical readiness for all contingency operations. In addition the background section will examine external and internal forces acting on NMCP.

External Analysis. Externally the competition aligned against NMCP is composed of private healthcare organizations like Sentara Health Systems and Tidewater Healthcare; the Veteran's Administration (VA) in Hampton; the other MTFs within the same catchment area, i.e. Langley AFB and Fort Eustis; and possibly the Federal Employees Health Benefit Plan (FEHBP). All of these organizations and products may not be directly competing with NMCP, however they are positioning themselves to serve the same customer base which makes overlap and competition inevitable. In

the following paragraph an analysis of Sentara Health System an external competitor to NMCP is provided.

Sentara Health System Analysis - Sentara's roots in health care go back to 1888, when the current Sentara Norfolk General Hospital was founded as retreat for the sick.

1. Today, the system is composed of 40 Sentara care giving sites, four hospitals, nine skilled nursing and assisted living centers, 20 healthcare centers, an integrated outpatient healthcare campus, home healthcare services, ground and air medical transport services, mobile diagnostic vans, fitness facility, community health education programs, and other services and facilities designed to create a lifetime continuum of care.

2. In addition, Sentara offers several health coverage plans, including Medicare and Medicaid HMO programs. Sentara introduced the area's first HMO and is the leading provider of managed care in the region. Currently, more than 240,000 people are covered by Sentara. Also, Sentara is a partner with NMCP via primary care contracts which spread throughout the catchment area (Sentara, 1998).

Internal Analysis. The internal analysis of NMCP should include an examination of the structure and organization of the facility. This would also involve an analysis of NMCP's current funding position with the impending transition to EBC in Fiscal Year 1999. The following facility specific statistics should probably be included: inpatient census; outpatient utilization;

overall patient volume increasing or decreasing; medical staff attrition and rotation rates; the mix of provider and support personnel; and readiness status of deployable personnel. Also, NMCP may want to examine the Health Employer Data Information Set (HEDIS) which is a report card for health plans. "HEDIS includes approximately 60 indicators of performance covering not only quality but also access to and satisfaction with care, membership and utilization, finance, and health plan management" (Altman & Reinhardt, 1996). Another key component of the internal analysis would include input from NMCP's Concept of Operations Group (COG). The COG was established to allow clinical departments an opportunity to examine how they are doing business and search for new ways to improve operations. Finally, the myriad of different personnel existing at NMCP provide the command with a diverse group of stakeholders who may have special needs and desires which may need to be addressed.

2. Forecast. This section would typically contain performance indicators that could be evaluated by the marketer or business planner. Performance indicators may include an assortment of historical data collected during previous years and/or HEDIS data. The following are some examples of performance indicators that could be used in the background section: budget figures allocated to marketing, the number of providers in a specific service and/or the provider mix of the facility, identifying the catchment area population and varying

demographic factors, and market share. The above are by no means all inclusive, as other forecasting and decision making tools and software could be employed to provide amplifying information.

### 3. Strengths, Weaknesses, Opportunities and Threats (SWOT).

The SWOT analysis can be used to help NMCP identify internal and external factors which may assist in determining the future direction of the organization. The following is an abbreviated SWOT analysis for NMCP.

#### Strengths.

1. Beneficiaries generally view NMCP as providing high quality healthcare, if they can access it.

2. Generally the Active Duty Service members, beneficiaries and retirees who use NMCP feel a sense of customer loyalty to the facility and the MHS.

3. The ability to mobilize and respond quickly to mass casualty situations, contingency operations and readily in times of war.

#### Weaknesses.

1. In many cases timely access to routine specialty services may be limited for beneficiaries.

2. The perception of a somewhat fragmented system of care which lags behind our civilian healthcare counterparts.

3. There is no current marketing plan established to promote NMCP within the community.

4. The CHCC may not be located in the most convenient place for the majority of the Active Duty population.

Opportunities.

1. The scheduled opening of the Charette Health Care Center in early 1999 represents Navy Medicine's commitment to quality healthcare in the future and positions a state of the art medical facility in close proximity to the largest naval base in the world.

2. Development of an NMCP marketing plan which could both help guide the organization in the future and promote positive active duty and beneficiary interest.

3. Establish a solid partnering relationship with Anthem-Alliance and learn from their experience in the managed care arena.

4. Closely monitor DoD's Medicare Subvention Demonstration Project over the next few years and prepare NMCP for possible healthcare changes.

5. Implement TRICARE program and standards throughout NMCP catchment area.

Threats.

1. Competition from both non-DoD sources of care and in some cases other MTFs within the same catchment area may decrease NMCP enrollment levels.

2. As EBC takes effect in Fiscal Year 1999 the likelihood of possible budget decrements may hamper efforts to

both establish a marketing department and ensure needed information systems support requirements are met.

IV. Goals and Objectives. The situation analysis provides background on where NMCP currently stands and where it might go in the future. The goals and objectives portion of the marketing plan helps to establish a formal direction for the organization. Establishing goals permits the organization an opportunity to examine the programming, planning, and control aspects of pursuing objectives. Goals and objectives should be determined by the BOD with the marketing personnel providing recommendations and any needed assistance. The following goals and objectives are examples only and they have been condensed for this GMP.

1. Goals. The primary goal chosen for the NMCP marketing plan is to collaboratively work with Anthem-Alliance and the TMAR2 Marketing Office to educate the catchment area population about the capabilities and services offered by NMCP, the new Charette Health Care Center, and by the TRICARE Program. The secondary goal is to firmly entrench marketing as a vital component of NMCP's future.

2. Objectives. The following is a list of some possible marketing plan objectives:

To strengthen customer satisfaction and the sense of quality each patient and family member associates with NMCP.

To improve the communication channels which will be used to educate the active duty and beneficiary population.

To educate the staff about the capabilities of the Charette Health Care Center (CHCC) and the TRICARE system.

To establish a Marketing Department which will help guide NMCP into the future.

To cultivate an atmosphere where marketing is understood and allowed to flourish.

V. Marketing Strategy. The marketing strategy is the vehicle which will be used to attain the organization's goals and objectives. The following is an example of an abbreviated marketing strategy for NMCP. The two primary marketing strategies in healthcare today are cost leadership and differentiation. The cost leadership strategy is based on providing a service at a lower cost than the competition. However, since the MHS and NMCP are not currently involved in developing pricing strategies to position against competitors, a more appropriate strategy appears to be differentiation. Differentiation is based on creating a healthcare product or service which is different from the competitor. NMCP can differentiate it's healthcare on both quality and image.

NMCP's differentiation strategy could be built around the new CHCC opening in 1999 and the advantages offered by TRICARE Prime. CHCC represents both Navy Medicine's commitment to quality healthcare in the future and it offers a positive image of a state of the art healthcare facility. Moreover, the staff at NMCP could be used as part of a differentiation strategy that

focuses on provision of quality healthcare to both deployed forces and those within the catchment area. Another, part of a differentiation strategy could focus on the unique loyalty or attachment which some retirees and beneficiaries feel towards NMCP. The final piece of this strategy would incorporate TRICARE Prime and accentuate the benefits, which will hopefully make Prime the preferred enrollment choice of NMCP's beneficiaries.

The marketing strategy should also include assessments of the target market, competitive positioning, and the marketing mix. The following are examples of each component which makes up the overall marketing strategy.

1. Target Market. The market for purposes of this GMP is defined as the group of people who have actual or potential desire in receiving healthcare at NMCP, a branch medical clinic or at an associated TRICARE Prime site. A target market represents a specific customer group or segment of the population. The following is a brief list of some of NMCP's target markets:

- Active Duty Service members
- Beneficiaries
- NMCP staff members
- Patients
- Line community
- NMCP providers and staff
- Anthem-Alliance MCSC

- TMAR2 and other regional MTFs

The marketer should also be able to segment a market based on sex, education level, income, lifestyle, reimbursement method and more specifically by looking at a particular service e.g. orthopedics. Hopefully, the marketer will be able to harness the power of good information systems and be able to collect accurate useful data to further study the market.

2. Competitive Positioning. The competitive positioning portion of the marketing strategy refers to the act of developing and communicating differences between NMCP and those of it's competitors which serve the same target market(s). The key for NMCP's marketing effort is to determine the attributes which influence the target markets enrollment decision. For example, NMCP may want to competitively position itself based on the quality of it's healthcare. Moreover, if the target market's enrollment decision is influenced by perception of quality, and it perceives that NMCP offers the quality which is desired, a competitive advantage based on quality could be gained. Another factor is that today's healthcare consumer is more educated because of the internet, television and a greater access to written media. This access to information has enabled the healthcare consumer to assess and perceive quality through varying healthcare benchmarks.

However, if NMCP is unable to gain a competitive advantage through quality, a repositioning may occur which would force NMCP

to a portion of the market where demand is greater. Competitive positioning is a part of the NMCP marketing plan which should be continuously monitored because of today's dynamic healthcare environment.

3. Marketing Mix. The marketing mix refers to four variables which the marketer can manipulate to attract the target market's enrollment. The four variables mentioned are product, price, place and promotion. The following is an example of NMCP's marketing mix:

Product. NMCP's products are the services which it provides to the catchment area. Primary Care and Pediatrics may be two areas of service which could be focused on in order to attract higher family enrollment levels.

Price\Cost. Price is more commonly used in civilian facilities, whereas cost may be the better term for MTFs under the new EBC system. Cost is now a real issue and may be a factor in the beneficiaries enrollment decision. Many DoD beneficiaries are not used to paying deductibles for healthcare services they feel should be free benefits. However, if the beneficiary chooses not to enroll in TRICARE Prime their annual healthcare costs will probably be higher. This presents NMCP the opportunity to differentiate by offering a lower cost alternative. Also, EBC has generated a new situation where TRICARE Prime enrollment levels play a part in determining NMCP's

funding level. Table 2 provides a listing of costs associated with TRICARE Prime.

Table 2.

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### Explanation of TRICARE Prime Costs

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Civilian Care Cost Share	Families of E-4 & Below	Families of E-5 & Below	Retirees, Survivors & Family Members
Annual Deductible	None	None	None
Annual Enrollment	None	None	\$230/\$460
Outpatient Visit	Mil/Sentara - Free Civilian - \$6	Mil/Sentara - Free Civilian - \$12	Mil/Sentara - Free Civilian - \$12
Emergency Room*	10	30	30
Outpatient Surgery*	25	25	25
Inpatient Per Diem**	\$11/day (\$25 Min)	\$11/day (\$25)	\$11/day (\$25)

Source: TMAR2 Lead Agent Presentation

Place. The geographic location of the ACF is in Portsmouth, VA. However, this also includes a large network of branch medical clinics and TRICARE Prime sites which are located throughout the Hampton Roads area. As residential areas expand it will be important for the marketer to identify locations (target markets) where future TRICARE Prime sites may be added e.g. the Western Branch area of Chesapeake, VA and the Suffolk, VA area. Table 3 on the next page depicts an abbreviated zip code tracking table for NMCP TRICARE Prime enrollment. Table 3 on the next page could be extremely useful in tracking and forecasting future growth sites.

Table 3.

Zip Code Tracking of NMCP TRICARE Prime Enrollment

Zip Code	TRICARE Prime Enrollment
23142	1
23314	42
23315	15
23320	4594
23321	1633

Source: Defense Enrollment Eligibility System (DEERS) 1997

Promotion. NMCP's promotional strategy should include personal selling, training, advertising and public relations. NMCP should utilize the customer service training program to include a personal selling segment. Training the staff so that they fully understand the product is vital to the success of the promotion function. Advertising could be accomplished through mailings, newsletters, base newspapers and through mass media if funding is available. The public relations portion of promotion would focus on listening to the local line commanders, focus groups and through the development of survey instruments.

VI. Action Programs. The action program is a specific set of actions which outline tentative accomplishment dates for various marketing goals. The action program for NMCP would first have to be approved by the Admiral and the BOD. The following is

an example of a possible NMCP action plan:

<u>Activity</u>	<u>Status</u>	<u>Completion Date</u>
Initial MCSC Meeting	Completed	Oct 97
Draft Marketing Plan	Ongoing	Mar 98
Review MCSC's Marketing Material	Ongoing	Apr 98
Draft Marketing Dept Proposal	Ongoing	Apr 98
MCSC Implementation	Ongoing	May 98
Final Marketing Plan	Ongoing	Jun 98
Final Marketing Dept Proposal	Ongoing	Jul 98

This action plan example would also include details on specific marketing goals and objectives. However, for purposes of the GMP the two most relevant quantifiable accomplishments would be finalizing the marketing plan and establishing an NMCP Marketing Department.

VII. Budgets. There is currently no budget at NMCP set aside exclusively for marketing. Moreover, there are only a few Directorates within NMCP where a Marketing Department could be established. However, money and placement for the Marketing Department could be carved out of an existing Directorate. Initially a Marketing Department could be established by allowing someone with an acceptable level of experience to form a foundation of requirements. If the Marketing Department is approved by the particular Director and by the BOD, formal recognition and a budget would be forthcoming. As previously

stated NMCP's marketing effort will fail without a resourcing commitment. This commitment to marketing should be sustained for the long term, so that NMCP's place in the future can be firmly entrenched.

VII. Controls. The controls for the NMCP marketing plan will be put in place to monitor the plan's progress. The NMCP marketing plan will employ the following three types of controls: annual plan control, profitability control, and strategic control.

1. Annual Plan Control. The annual plan control refers to the steps taken to monitor and correct deviations from the marketing plan. The first step in creating annual plan controls for the NMCP marketing plan may include establishing monthly, quarterly and yearly goals. The second step would include monitoring results and developments throughout the year. The third step would require the marketer or supervisor to examine serious performance deviations. Finally, the fourth step would look at choosing corrective actions that could close the gap between goals and performance. The following are some examples of control tools that could be used by the marketer to gauge progress of obtaining established goals and objectives: market share analysis, marketing expense-to-budget ratio and market attitude/satisfaction tracking.

2. Profitability Control. This type of control includes periodic assessments of actual profit or loss on varying types of

services, patient groups, and locations. Whereas NMCP does not exist to make profits it still must operate within the limits of a prescribed budget. Profitability control for NMCP could examine the costs for different services, product lines or departments and look at areas where consolidation or efficiencies may occur. Profitability control is somewhat similar to business planning, in that they both search for ways to satisfy the needs of the greatest number of patients and reduce costs.

An example for NMCP might include analyzing the costs of operating a small Branch Medical Clinic (BMC) like the one at Dam Neck. BMC Dam Neck could be analyzed by looking at costs like salaries, utilities, supplies, depreciation, etc. The close proximity and the larger patient capacity at BMC Oceana may be cause for a more thorough examination of consolidating both into a one large super-clinic.

3. Strategic Control. Strategic Control is a method of ensuring the organization's goals, objectives and strategies are optimally suited for the current and future marketing environment. The primary tool of strategic control uses a marketing audit by an independent organization to evaluate the organization's performance. If the marketing audit is performed correctly the independent consultants will provide input on problem areas and recommend corrective actions which could improve the organization's marketing effectiveness.

After NMCP's marketing effort has been firmly entrenched, a strategic control measure calling for a periodic review should be established. NMCP may be able to use the partnering relationship already created with TMAR2 and Anthem-Alliance to conduct a marketing audit. However, an independent consultant may be able to provide some new insight and recommendations into NMCP's marketing situation.

#### Conclusions and Recommendations

The purpose of this study was to develop an example of a marketing plan for Naval Medical Center Portsmouth which could build positive exchange relationships with the active duty and beneficiary populations. Although, the marketing plan is still in the developmental phase it seeks to provide NMCP with a foundation for the future long-term use of marketing.

The literature review revealed the importance of following a formalized marketing plan and gaining the commitment of executive leadership. Also, this included a thorough review of DoD(HA), TRICARE, and NMCP policies and directives. The sum of the information provided was used to draw conclusions and recommendations regarding the development of an NMCP marketing plan. The following conclusions and recommendations are provided to enhance NMCP's ability to adapt to a marketing environment.

1. Executive Leadership Support. The most important aspect of developing a cogent marketing plan for NMCP will be obtaining

executive leadership support. If the Admiral and the BOD support the marketing plan, then the market based approach will be allowed to permeate throughout all levels of NMCP. Moreover, it is extremely important to gain buy-in from all of the NMCP stakeholders so that marketing becomes ingrained within the NMCP corporate culture. Marketing will flourish if it gains acceptance from the executive leadership. However, if the command leadership does not believe in the market based approach NMCP will maintain a status quo posture. The recommendation is for executive leadership to embrace the market based approach.

2. Commitment. The next step after gaining executive leadership's support will be to establish the first NMCP marketing division/department. This will require a moderate resourcing commitment to ensure the marketing effort gets off the ground. However, once the value of marketing is firmly incorporated into the NMCP corporate culture the resourcing commitment should grow. The recommendation is to support a reasonable resourcing commitment to the marketing effort.

3. Placement. The placement of the marketing department could occur in many NMCP directorates. The following are a few possibilities: the Directorate for Resources - marketing would probably be involved closely with EBC; the Directorate for Administration - marketing could probably have immediate access to useful patient administration and facility data; Special

Assistant to the Commander/Deputy Commander - marketing would be able to work in close proximity to executive leadership.

However, the most appropriate place for a marketing division/department may be in the Managed Care Directorate. Since the Managed Care Directorate examines enrollment capacity, departmental usage rates, gather demographic data, and closely works with Anthem-Alliance in administering the MCSC, marketing would probably be a natural fit. Furthermore, marketing should require frequent access to Managed Care Directorate information. The recommendation is to place the marketing division/department in the Managed Care Directorate.

4. Cooperation. A healthy partnering relationship with Anthem-Alliance, the Sentara PRIME locations, TMAR2 and the other local MTFs will be extremely important in the future. Cooperation is the key to establishing the trust and credibility required in a partnering relationship. Hopefully, a helpful forum for sharing information can be developed with all of NMCP's partners. Moreover, NMCP has a unique opportunity to learn how to use marketing as an efficient decision-making tool. The recommendation is to cooperate and learn from all of NMCP's partnering relationships.

5. Clarity of Purpose. An easily communicated message which espouses beneficiary desires should permeate throughout NMCP. Clarity of purpose should be established, first among the executive leadership, and then increasingly among practicing

clinicians and support personnel, through a combination of efforts which repeat over and over again the following simple message: Beneficiaries want better service and they may leave NMCP and the MHS if they don't get it and can find it elsewhere. The bottom line is that high quality care, innovative programs and convenience will probably not substitute for the essential human connection patients want and desire. NMCP has a unique opportunity to differentiate themselves based on this very sense of belongingness and human connection with the Navy. Also, NMCP should try to offer a superior customer service experience that will encourage those that are already in our system to stay and those not in our system to seek access. The recommendation is to communicate to NMCP stakeholders a clearly understood message regarding beneficiary desires.

Summary. The MHS has changed radically during the last few years. NMCP is facing a constrained resourcing situation, downsizing, residency reorganization and the changing mission of Navy Medicine. Moreover, the entire healthcare landscape is in a state of fluid transition where competition seems to be the only constant and the adopted battle cry continues to call for "doing more with less". Ultimately, NMCP may have to embrace change and the market based approach to compete in this new healthcare arena. Galvanizing the appropriate support behind the marketing initiative may be critical to NMCP's future success. NMCP should be able to better meet the needs of the catchment area population

by adopting the market based approach and through the implementation of a formalized marketing effort.

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